PLAINTIFF'S EXHIBIT

USG-1517

ROOFING SURVEY

THE NATIONAL ASBESTOS MANUFACTURING COMPANY,

JERSEY CITY, NEW JERSEY.

An inspection and conference was held July 14th at the private offices of the above company by F. A. Manske, with Mr. John A. Scharwarth, President.

LOCATION AND DISTRIBUTION FACILITIES:

This plant and property is located at 163 Henderson Street, Jersey City, New Jersey. It is at the foot or end of the Morris Canal, which is approximately 250 feet from the property. A public dock is located one block from the property, to which water shipments can be made. The property is served by the Central Railroad of New Jersey, with two spurs, one for inbound, and the other for outbound material. In addition, trucking platforms facilities at the front end of the building are provided for loading ten trucks at one time. This plant location serves Metropolitan New York, and is within three hours' trucking to Philadelphia and surrounding territory.

APPRAISED VALUE, TYPE OF BUILDINGS AND AREAS:

The entire plant and property is located at leased land from the City of Jersey on a 99 year basis, having over 80 years to run. The buildings are of reinforced concrete construction and tile, fully sprinklered. The total floor area, including manufacturing buildings, warehouses, and storage space, is 210,500 square feet, approximately 60% of the total floor area, was built in 1919, and the balance since 1926, with four warehouse buildings, numbers 6, 7, 8, 9, and 10, built in 1931 and 1932. The buildings have been well maintained, are adequately lighted with both natural and artificial light, and are well laid out.

The American Appraisal Company, in May, 1930, appraised the buildings at $500,000.00, and the machinery at $635,600.00. Other items include railroad siding, $10,000.00, sprinkler equipment, $30,000.00, ten auto trucks, $30,000.00, and office equipment $5000.00. The present appraised value would run somewhere between $750,000.00 and $900,000.00 complete.

The machinery, valued at $635,000.00 as of May, 1930, is broken up by divisions of products as follows:

Roofing machinery, stills, etc.	-	$160,000.00
Felt and paper mill	-	233,000.00
Pipe covering mfg. equipment	-	155,000.00
Tapered slate shingles, written down to	-	50,000.00
Miscellaneous items	-	32,000.00

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With the exception of some 4000 square feet of space for paint room, garage, and blacksmith shop, built of hollow tile construction, and additional storage, mostly frame, on top of building No. 1, amounting to 10,000 square feet, the entire group of buildings is reinforced concrete construction, costing in the neighborhood of $2.50 per square foot sprinkled.

Copies of the American Appraisal Company's report of buildings and equipment are attached to this report.

Aerial photos show the buildings and property, with i ts respective location to the end of the Morris Canal. The street in front of the building is known as Henderson Street, which is an important thorefare in Jersey City.

MACHINERY AND EQUIPMENT:

This plant has one 40" complete roofing machine, and one 40" saturating unit set up for saturating both Slayter's felt and asphalt saturated felt. All machinery is fully equipped with the most modern devices. It is of particular note that the roofing machine is adapted with complete multi-color equipment, which is the best in the industry. In addition, it is equipped with auxiliary apparatus for the manufacture of brick siding, which entails additional coating and surfacing equipment. The roofing machine proper has a capacity of 180 rolls per hour, which is a good average for the industry. The saturating unit has a capacity of 300 to 350 factory squares per hour, both on saturated felt and Slayter's felt. A special machine was designed for producing square butt shingles, known as the Langston unit, which cost originally $40,000.00. This was designed and built to get around the Overbury patent.

The slate and grit handling equipment is entirely automatic, using elevators and conveyors from bins located in the basement under the roofing machines, supplying hoppers located above the machines without the use of manual labor, except a short haul from the bins to the boot of the elevator in the basement.

Steam is generated in the boiler plant, having approximately 600 boiler horsepower capacity in two units, with stoker fired equipment. Coal and hopper bottom cars are unloaded into a hopper, and fed by gravity to the firing pit at the boilers.

Power operated conveyors are used for taking shingles away from the end of the machines to the packing rooms.

FELT MANUFACTURE:

This plant is fully equipped with a 35-ton felt and paper mill, built in 1927, of very modern design, equipped to produce asbestos

paper, red resin paper, and a full line of roofing felts. The machine is equipped with considerable drying capacity, and with three screens, which are used for the various paper combinations. By adding an additional Deafer and Jordan, and the use of a little higher pressure steam at the dryers, it is very possible to produce 45 tons of roofing felt per day from this mill. It is also possible to produce chip board paper on this machine with some minor changes. The photographs show the furnish storage in the large square multiple story building, in which are also located the beaters on the first floor. The felt mill runs parallel with Henderson Street, as also do the asphalt roofing machines. Modern rag choppers, drives for individual beaters, Jordans, stock chests, and so forth, are all part of this unit. The plant is strategically located to take advantage of both foreign and domestic rags, as well as paper supplies.

ASPHALT PRODUCTION:

This plant is equipped with five 16 thousand gallon stills, which oxidize Mexican asphalt to the proper specifications. Storage is also provided for fuel oil, which is used in firing the stills.

A most complete and large modern room and equipment exists for the production of roof coatings and plastics.

GRITS AND GENERAL FLOW OF MATERIAL:

There are some 16 bins located under the roofing machine in the basement of the felt and asphalt roofing unit. The goods are shovelled from cars through shutes into the respective bins. The goods are then wheeled a short distance to the boot of an elevator, which elevates to a conveyor, and then to the hoppers over the sanding part of the roofing machine.

When brick siding is manufactured, the coated and surfaced sheet is passed to a second story level, where it is recoated at the proper places, and then resurfaced.

Referring to the photograph, Building No. 1, which is a large reinforced concrete building along Henderson Street, it has three stories and the basement, 80x300', which was erected in 1917. This houses the complete manufacturing and storing of asbestos pipe covering material; in one corner of this building is located a modern office for sales operating, and administration. The various steps used in the manufacture of asbestos pipe covering are rather intermittent than continuous. Considerable hand operations are used for the handling and gluing of muslin wrappers to the asbestos papers.

The felt mill operates approximately ten days at a time on roofing

felts, which are put into storage located adjacent to the five story reinforced concrete warehouse building. The felts are then trucked by hand to the warehouse building into the felt and roofing manufacturing building.

The storage of both shingles and rolled goods is handled in the one story low wood roof building, which is poorly arranged.

Inadequate track facilities for outbound shipments exist at the present time, but may be modified by running a spur around the outside of these warehouse buildings. Excellent platform facilities exist for outbound shipments from both the shingle and rolled goods warehouses.

COSTS:

The materials entering into the manufacture of asphalt roofing at this plant are low in cost. This is primarily due to the fact that they manufacture their own felt, and take advantage of the profit normally made in felt, plus the fact that they save the freight and handling on the felt, should it be purchased from an outside source. Secondly, all asphalt is purchased as a Mexican flux, and is refined to the proper specifications for saturation and coating, which gives a saving of $2.00 to $3.00 a ton over the purchasing of blown materials ready for use.

The direct expense in the manufacture of asphalt roofing products is low because of the low labor rate which is paid of 30¢ per hour, and no bonus. In addition to this, the speeds of the machines are good, and the equipment modern, with a minimum amount of hand labor.

The indirect expenses are probably higher than the average roofing plant of this size. Among some of the major items are a lease of $6500.00 per year, taxes $8200.00, water for paper mill $2300.00. Should the felt mill operate on a 24 hour schedule, however, these fixed indirect expenses may be prorated, so that the asphalt end would take a small proportionate share.

PRODUCTS MANUFACTURED, AND QUALITY:

This concern manufactures a complete line of low priced asbestos pipe covering, tapered asbestos shingles, (not in production at present) asbestos paper, roofing felt, red resin paper, asphalt rolled roofing, asphalt shingles, asphalt brick siding, roof coatings and plastic cement, asphalt saturated felts, and Slayter's felt. The quality, generally speaking, is good, with complete control on the raw materials produced at the point of manufacture.

WAREHOUSE AREA, INVENTORY, AND SHIPPING FACILITIES:

There are approximately 30,000 square feet of one story warehouse buildings for shingle and rolled goods storage, with a rearrangement

of part of the space in the three story reinforced concrete building along Henderson Street, and additional storage space can be provided. Only three cars can be loaded at one time under present trackage facilities. 80% of the business of this plant is now made by trucks, which facilities are entirely adequate. The inventories at present are very low, and would probably not exceed $35,000.00, including raw and finished goods.

BUSINESS:

Following are the figures for total sales, and for the asphalt roofing sales for the past five years:

1929 - total sales	- $1,379,394.00
Asphalt Roofing	615,000.00
1930 - total sales	- 1,316,000.00
Asphalt Roofing	- 560,000.00
1931 - total sales	- 1,449,000.00
Asphalt Roofing	- 815,000.00
1932 - total sales	- 883,000.00
Asphalt Roofing	- 530,000.00
1933 - total sales estimated	- 800,000.00
Asphalt Roofing, estimated	- 550,000.00

Prior to 1930 sales were made direct to lumber dealers. at the present time they have some 20 large distributors, who sell some 500 lumber dealers through their distribution sources. Twelve of these large distributors are close to the plant, and eight of them are located in New England. Ten percent of the total sales goes to Harris Brothers, Sears and Ward. One of the largest distributors in the United States, namely Igoe Brothers, takes from 75 to 100 cars per year. Two other distributers in Long Island and Brooklyn average 50 cars per year each. No applicators are sold direct, but are sold through their distributors.

80% of the tonnage leaves the plant by truck, and of this amount 65% is handled by the National Asbestos Company's own fleet of trucks.

SALES POLICY:

This concern sells practically all of their asphalt roofing material through distributors exclusively, with the exception of approximately 10% to mail order houses. They have no sales organization, and depend entirely upon distributors for their business.

It is common information in the Metropolitan New York area that the National Asbestos Company will sell anybody and everybody, not adhering to any particular policy.

SUMMARY

The outstanding advantages are location, buildings, modern equipment, felt mill, blowing equipment, manufacturing experience, good costs, a full line of products. The outstanding disadvantages are no dealer business - 100% jobber, and a large investment located at one point.

It is believed this business can be purchased for around $750,000.00.

F. A. Manske

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